

PAPER – 2: BUSINESS LAWS, ETHICS & COMMUNICATION

PART – I: RELEVANT AMENDMENTS APPLICABLE FOR MAY 2013

- I. Applicability of relevant Amendments/Circulars/Notifications/Regulations etc. relating to Business Laws, Ethics and Communication (IPCC) for May 2013, Examination:

Business Laws

Subject	Amendment	Content
The Companies Act, 1956	Delegation of power to Regional Directors	The Ministry of Corporate Affairs vide Notification F.No.1/1/2003-CL.V dated 30 th August, 2012, has delegated the powers from the CLB (Company Law Board) to the Regional Directors under Sections 17, 18, 19, 141 and 188 of the Companies Act, 1956.
The Companies Act, 1956	Guidelines for declaring a financial institution as Public Financial Institution	The Ministry of Corporate Affairs vide General Circular No. 10/2012 dated 21 st May 2012 & 34/2011 dated 2 nd June 2011, framed certain criteria for declaring a Financial Institution as Public Financial Institution under Section 4A of the Companies Act, 1956.
The Companies Act, 1956	Delegation of power from Central Government to Registrar of Companies	The Ministry of Corporate Affairs vide Notification No. S.O.1538(E) dated 10 th of July, 2012, delegates the powers and functions vested in the Central Government to the Registrar of Companies under the Sections 21, 25, 31(1), 108(1D), 572 of the Companies Act, 1956.
The Companies Act, 1956	Delegation of power to the Regional Directors	The Ministry of Corporate Affairs vide Notification No. S.O.1539(E) dated 10 th of July, 2012, delegates the powers and functions vested in the Central Government to the Regional Directors at Mumbai, Kolkata, Chennai, Noida, Ahmedabad & Hyderabad under the Sections 17,18,19, 22, 224, 188, 297 394A of the Companies Act, 1956.

The Companies Act, 1956	Notifying of certain sections of Companies (Second Amendment) Act, 2002	The Ministry of Corporate Affairs vide Notification No. S.O.1540(E) dated 10 th of July, 2012, notified certain sections of the Companies(Second Amendment) Act, 2002 to come into force from 12 th of August, 2012.
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II. Non-Applicability

S.No.	Amendment	Content
1.	The Companies Bill, 2011	Not Applicable

PART – II: QUESTIONS AND ANSWERS

QUESTIONS

PART – I: BUSINESS LAWS

The Indian Contract Act, 1872

1. (a) The famous singer 'Lady Gaga' agreed with Mr. B to hire for rent his music hall for her live music concert on the 31st January 2013. The music hall caught a fire and was destroyed before the specified date of the programme. State briefly the legal position in the light of the Indian Contract Act, 1872.
- (b) What is a continuing Guarantee?
Explain the legal position in the following situations:
 - (i) A guarantees payment to a grocer to the amount of Rs. 2,000 for any grocery that is being purchased time to time by his wife. Grocer supplies more than the value of Rs. 2000 which is paid by the A. Afterwards grocer again supplies the grocery to the value of Rs. 8,000. State the liability of A.
 - (ii) X guarantees payment to Y of the price of the four laptops sets to be sold by Y to X and to be paid for in a month. Y delivers the sets to X. X pays for them. Later on Y delivers three more sets to X. State the liability of X.
2. (a) Examine whether the following constitute a contract of 'Bailment' under the provisions of the Indian Contract Act, 1872:
 - (i) 'A' travels by metro, parks his car at a parking lot of the metro station, locks it, and keeps the keys with himself.
 - (ii) Seizure of goods by customs authorities.

- (b) Mr. P appoints A as his agent to sell his estate extended on the Karnal road. A, on looking over the estate, finds the existence of a sandstone-mine on the estate, which is unknown to P. A wishes to buy the estate for himself. He informs P that he wants to buy the estate but conceals the existence of sandstone-mine. P allows A to buy the estate, in ignorance of the existence of mine. Discuss the rights of Mr. P, against A. What would be your answer if A had informed P about the existence of mine before he purchased the estate, but after two months, he sold the estate at a profit of ₹ 10 lac?

The Negotiable Instruments Act, 1881

3. (I) Find the correct answer:
- (i) X, obtains a cheque drawn by T by way of gift. Here X is a:
 - (a) Holder for value
 - (b) Holder in due course
 - (c) Holder
 - (d) None of these
 - (ii) The position of the thief of a stolen instrument is same as –
 - (a) Holder
 - (b) Holder in due course
 - (c) Finder
 - (d) Owner
 - (iii) Which of the following may be considered as material alteration in negotiable instruments-
 - (a) Alteration in date
 - (b) Alteration in place of payment
 - (c) Deleting the word 'A/c Payee' on a cheque
 - (d) All of the above
- (II) State with reasons whether the statement is correct/incorrect:
- (i) An undated negotiable instrument is not always invalid.
 - (ii) Cheque is a time instrument.
4. (a) State the essential elements of a promissory note. State, giving reasons, whether the following instruments are valid promissory notes:
- (i) X promises to pay Y, by a promissory note, a sum of ₹ 5,000, fifteen days after the death of B.

- (ii) X promises to pay Y, by a promissory note, ₹ 5000 and all other sums, which shall be due.
- (b) Mr. D, a drawer issues the cheque in favour of the E. Later D informs the E not to present the cheque due to inadequacy of the fund in the account because of withdrawal of the money in urgency as well as informs the bank to stop the payment. Does the act of D constitute an offence under the Act ?

The Payment of Bonus Act, 1965

5. (a) Rohit Singh is working as a salesman in a company on salary basis. The following payments were made to him by the company during the previous financial year-
- (i) overtime allowance,
 - (ii) dearness allowance
 - (iii) commission on sales
 - (iv) employer's contribution towards pension fund
 - (v) value of food
- Examine as to which of the above payments form part of "salary" of Rohit Singh under the provisions of the Payment of Bonus Act, 1965.
- (b) Examine with reference to Payment of Bonus Act, 1965 if an employee drawing a salary of ₹ 5,000 joined duty on February 20th, 2012 and availed maternity leave for premature delivery from March 10th, 2012 till May 2, 2012, is eligible for bonus for the year 2011-12.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

6. (a) (i) Examine the meaning of 'factory' under the EPF & MP Act, 1952?
- (ii) Write a note on Employees Deposit-Linked Insurance(Amendment) Scheme,2011.
- (b) An Executive Committee is to be constituted to assist the Central Board under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. State the composition of such Executive Committee.

The Payment of Gratuity Act, 1972

7. (a) Examining the provisions of the Payment of Gratuity Act, 1972, state whether gratuity is payable to an employee for the periods when he does not actually work in the organisation. Explain the manner in which gratuity is calculated for regular employees.
- (b) Examine how disputes are resolved under the Payment of Gratuity Act, 1972.

The Companies Act, 1956

8. What is meant by a Guarantee Company? Draw a comparison between a Guarantee Company and a Company having Share Capital.
9. (a) Under what circumstances a company becomes subsidiary of another company under the provisions of the Companies Act, 1956?
(b) Mrs Anita, alongwith six other persons desire to float a company for charitable purposes, as permissible under Section 25 of the Companies Act, 1956. She seeks your advice about the procedure to be followed to give effect to the above proposal. Advise her.
10. (a) Briefly explain the doctrine of "Constructive Notice" under the Companies Act, 1956. Are there any exceptions to the said doctrine?
(b) Which of the institutions are regarded as "Public Financial Institutions" under the Companies Act, 1956?
11. Who is an 'Expert'? When is an expert not liable for the mis-statement in the prospectus of a public company? What is the extent of liability of an expert, in relation to publication of prospectus, for any mis-statement in the report given by him?
12. In what way does the Companies Act, 1956 regulate and restrict the following in respect of a company going/or public issue of shares:
 - (i) Minimum Subscription, and
 - (ii) Application Money payable on shares being issued? Explain.
13. When is an Allotment of Shares treated as an irregular allotment? State the effects of an irregular allotment.
14. (a) Examine the provisions of the Companies Act, 1956 regarding 'nomination' in case of transmission of shares.
(b) Explain the 'MCA 21 Program' introduced by the Government of India to develop computerized environment for company law. How does it serve the interest of all the stakeholders of a company, corporate professionals and the public at large?
15. Explain the provisions of the Companies Act, 1956 relating to the procedure to be followed for transacting business of the general meeting of members of a company through postal ballot.

II: ETHICS

16. (a) Explain the role played by different committees in regulating the 'Corporate Governance'.
(b) Explain the reasons for unethical behaviour among finance and accounting professionals.

17. Explain briefly the matters to be considered and the steps that may be taken by a Finance and Accounting professional when he is required to resolve an ethical conflict in the application of fundamental principles.
18. "To pay proper attention to business ethics is certainly beneficial in the interest of business. Describe four such benefits which may be obtained by paying attention to business ethics.
19. Explain the pragmatic reasons for maintaining ethical behaviour in marketing through marketing executives
20. What is meant by 'Environmental ethics'? How does its non-adoption lead to 3 Ps Viz., Polluter Pays and Principles? Explain.

III: COMMUNICATION

21. (a) Explain Consensus Building.
(b) Suggest guidelines to handle communication ethics dilemmas.
22. (a) What are the principles of inter-personal communication?
(b) What is meant by 'Emotional Intelligence' and 'Emotional Quotient'? State any six social competencies associated with Emotional Intelligence
23. Write Short notes on:
(a) Guidelines for drafting a Press Release
(b) The Press Communiqué
24. Draft a notice for ABC's Annual General Meeting with four ordinary business.
25. Write a short note on: Gift deed. X desires to gift his flat to Y. Draft a gift deed.

SUGGESTED ANSWERS / HINTS

1. (a) The given problem is based on the principle of Supervening impossibility given under the section 56 of the Indian Contract Act, 1872. When the performance of a promise becomes impossible on account of subsequent developments of events or change in circumstances, which are beyond the contemplation of parties, the contract becomes void.

Accordingly in the given case the singer 'Lady Gaga' had agreed with 'B' to hire for rent his music hall for concert on 31st January 2013. The music hall was destroyed before the specified date and hence it became impossible to hold stage concert. Thus, in the instant case, as the music hall ceased to exist; it is a case of supervening impossibility and both the parties were excused from the performance of the contract.

- (b) According to Section 129 of the Indian Contract Act, 1872 a guarantee which extends to a series of transactions is called a 'continuing guarantee'. The liability of the surety in such a guarantee continues until the performance or discharge of all the transactions entered into or the guarantee is withdrawn.
- (i) In the given case guarantee given by A was a continuing guarantee and thus he is accordingly liable to grocer to the extent of Rs, 2000.
- (ii) In this case, the guarantee given by X is not a continuing but infact it is a specific guarantee. Therefore in the given case X is not liable for the price of the three sets which are supplied later to Y.
2. (a) (i) No. Mere custody of goods does not mean possession. For a bailment to exist the bailor must give possession of the bailed property and the bailee must accept it. Thus, section 148 of the Indian Contract Act, 1872 is not applicable in the given case.
- (ii) Yes, the possession of the goods is transferred to the custom authorities. Therefore, bailment exists and section 148 of the Indian Contract Act, 1872 is applicable.
- (b) The problem is based on Sections 215 & 216 of the Indian Contract Act, 1872 where it is the Agent's duty to disclose all material circumstances & his duty not to deal on his own account without principal's consent. According to Section 215, if an agent deals on his own account in the business of the agency, without obtaining the consent of his principal and without acquainting him with all material circumstances, then the principal may repudiate the transaction. On the other hand, Section 216 provides that, if an agent, without the knowledge of his principal, acts on his own account in the business of the agency, then the principal may claim any benefit which may have accrued to the agent from such a transaction. Hence in the first instance, though P had given his consent to A permitting the latter to act on his own account in the business of agency, P may still repudiate the sale as the existence of the mine, a material circumstance, had not been disclosed to him.
- In the second instance, P had knowledge that A was acting on his own account and also that the mine was in existence; hence P cannot repudiate the transaction under Section 215. Also, under Section 216, he cannot claim any benefit from A as he had knowledge that A was acting on his own account in the business of the agency.
3. (I) (i) The correct answer is option (c). X can be termed as a holder because he has a right to possession and to receive the amount due in his own name.
- (ii) The correct answer is option(c) i.e, the position of the thief stealing an instrument is exactly the same as that of a finder of a lost instruments.
- (iii) The correct answer is option (d). Here all the mentioned alterations alters the basic nature, identity, legal effects, rights and liabilities of the parties thereto.

- (II) (i) The given statement is Correct. If an undated instrument otherwise possesses all the essentials, it is considered as valid instrument and the date of execution can be proved by oral/ other evidence. Even a holder in due course may write the true date and such an insertion is not considered as a material alteration of the instrument. Such an instrument shall be payable on mentioned date.
- (ii) The given statement is incorrect. A time instrument is one in which time for payment is mentioned. A cheque can never be a time instrument as it cannot be payable otherwise than on demand.

4 (a) **Essential Elements of a Promissory Note:**

1. *Must be in writing.*
2. *Promise to pay:* The instrument must contain an express promise to pay.
3. *Definite and unconditional:* The promise to pay must be definite and unconditional. If it is uncertain or conditional, the instrument is invalid.
4. *Signed by the maker:* The instrument must be signed by the maker, otherwise it is incomplete and of no effect. Even if it is written by the maker himself and his name appears in the body of the instrument, his signature must be there. An agent of a trading firm can sign a promissory note on behalf of the firm (*Meenakshi v. Chettiar*).
5. *Certain parties:* The instrument must point out with certainty as to who the maker is and who the payee is. When the maker and the payee cannot be identified with certainty from the instrument itself, the instrument, even if it contains an unconditional promise to pay, is not a promissory note.
6. *Certain sum of money:* The sum payable must be certain and must not be capable of contingent additions or subtractions,
7. *Promise to pay money only:* The payment must be in the legal tender money of India.

Answer to Problem: In the case number 1, the payment to be made in fifteen days after the death of B. Though the date of death is uncertain, it is certain that B shall die. Therefore the instrument is valid.

In the second case- the sum payable is not certain within the meaning of Section 4 of the Negotiable Instruments Act, 1881. Hence, the Promissory Note is not a valid one.

- (b) The Supreme Court in *Modi Cements Ltd. vs. Kuchil Kumar Nandi* [1998] 2 CLJ 8 held that once a cheque is issued by the drawer, a presumption under Section 139 follows and merely because the drawer issues a notice thereafter to the drawee or to the bank for stoppage of payment, it will not preclude an action under Section 138. The object of Sections 138 to 142 of the Act is to promote the efficacy of the

banking operations and to ensure credibility in transacting business through cheques. Section 138 is a penal provision in the sense that once a cheque is drawn on an account maintained by the drawer with his banker for payment of any amount of money to another person from out of that account for the discharge in whole or in part of any debt or other liability, is informed by the bank unpaid either because of insufficiency of amount to honour the cheques or the amount exceeding the arrangement made with the bank, such a person shall be deemed to have committed an offence. Thus, D is liable to have committed an offence under section 138 of the N.I. Act.

5. (a) **Computation of Salary / Wages:** According to Section 2(21) of the Payment of Bonus Act, 1965 salary and wages means all remuneration other than remuneration in respect of overtime work, capable of being expressed in terms of money, which would if the terms of employment, express or implied, were fulfilled, be payable to an employee in respect of his employment, or of work done in such employment. It includes dearness allowance, i.e. all cash payment by whatever name called, paid to an employee on account of a rise in the cost of living. But the term excludes:
- (i) Any other allowance which the employee is for the time being entitled to;
 - (ii) The value of any house accommodation or of supply of light, water, medical attendance or other amenities of any service or of any concessional supply of food grains or other articles;
 - (iii) Any traveling concession;
 - (iv) Any contribution paid or payable by the employer to any pension fund or for benefit of the employee under any law for the time being in force.
 - (v) Any retrenchment compensation or any gratuity or other retirement benefit payable to the employee or any ex-gratia payment made to him; and
 - (vi) Any commission payable to the employee.

It may be noted that where an employee is given, in lieu of the whole or part of the salary or wage payable to him, free food allowance or free food by his employer, such food allowance or the value of such food shall be deemed to form part of the salary or wage for such employee.

In view of the above provision the payment of dearness allowance and value of free food by the employer forms part of salary of Rohit Singh, while remaining three payments i.e. payment for overtime, commission on sales and employer's contribution towards pension funds does not form part of his salary.

- (b) According to Section 2(13) of the payment of Bonus Act, 1965 every employee of an establishment covered under the Act is entitled to bonus from his employer in an accounting year provided he has worked in that establishment for not less than thirty working days in the year on a salary of less than ₹ 10, 000 per month. Under

Section 14, the days when an employee has been on maternity leave with salary or wages during the accounting year will be included in calculating the total working days for the purpose of payment of bonus. In the instance case, the salary is falling within the limit. Also, her maternity leave period will be treated as working days. Therefore, she is eligible for bonus for the year 2011-12.

6. (a) (i) Employees' Provident Funds & Miscellaneous Provisions Act, 1952 applies to every factory employing 20 or more persons engaged in an industry specified in Schedule I [Section 1(3)]. Hence, the definition of 'factory' is important. According to section 2(g) of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952, 'Factory' means any premises, including the precincts thereof, in any part of which a manufacturing process is being carried on or is ordinarily so carried on, whether with the aid of power or without the aid of power. As per Section 2(ic), 'manufacture' or 'manufacturing process' means any process for making, altering, repairing, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal. Thus, this definition is very wide. It includes workshop for repairing and servicing of cars. [*Lawly Sen v. RPFC (1959) 1 LabLJ 272 & AIR 1959 Pat 271*]. Printing press of University is 'factory' within meaning of Section 2(g), although it is run by a larger organisation carrying on other activities falling outside the PF Act. [*Andhra University v. RPFC(1985) 4 SCC 509 & AIR 1986 SC 463.*]

- (ii) The purpose of the Employees' Deposit Linked Insurance Scheme is to provide life insurance benefits to employees who are already covered under PF. Section 6C(1) empowers Central Government to frame a scheme for the purpose of providing life insurance benefits to employees of any establishment or class of establishments to which PF Act is applicable.

Employees' Deposit Linked Insurance (Amendment) Scheme, 2011

As per the Notification No. G.S.R. 9(E), dated 8th January, 2011 by the Ministry of Labour and Employment, the Central Government revised the benefits provided to the employees under the Employees' Deposit Linked Insurance (Amendment) Scheme, 2010. Under the revised scheme, the benefit provided in case of death of an employee who was member of the scheme at the time of the death, their family will get 20 times of the average wages of the last 12 months of the member. According to the revised scheme, maximum benefits under the scheme will now be ₹ 1,30,000/-, as the wage ceiling upto which contribution can be paid under the scheme is ₹ 6500/-.

- (b) The Central Government may by notification in the official gazette, constitute with effect from such date as may be specified therein, an Executive Committee to assist

the Central Board in the performance of its functions under section 5AA of the Employees' Provident Funds and Miscellaneous Provision Act, 1952.

The Executive committee shall consist of the following persons as members, namely:

- (i) a Chairperson, the secretary to the Government of India from the Ministry of Labour and Employment appointed by the Central Government.;
- (ii) two persons Additional secretary to the Government of India and the Financial Advisor from other Ministry of Labour and Employment appointed by the Central Government.
- (iii) three persons representing the Governments of the States appointed by the Central Government.
- (iv) three persons representing the employers of the establishments to which the scheme applies appointed by the Central Government.
- (v) three persons representing the employees in the establishments to which the scheme applies appointed by the Central Government.
- (vi) the Central Provident Fund Commissioner of Employees' Provident Fund Organisation.

[**Note:** The Reconstitution of Executive Committee had been done on 13th May, 2011 as per the Notifications dated 3.0.1045(E) by the Ministry of Labour and Employment]

7. (a) Periods for which Gratuity Payable:

Yes, gratuity is payable to an employee for the periods when he does not actually work in the organization. The periods for which gratuity is payable to an employee even if he does not actually work in the organization are the following:

1. Lay off under the Industrial Disputes Act, 1947.
2. Leave with full wages.
3. Maternity leave for female employees.
4. Absence due to temporary disablement caused during employment.

Manner for calculation of Gratuity: Quantum of gratuity payable is 15 days' wages on the last drawn wages for every completed year of service subject to a maximum of 15 months' wages.

- (b)** If there is any dispute regarding the amount of gratuity payable to an employee or admissibility of any claim of or in relation to, an employee for payment of gratuity or the person entitled to receive the gratuity, the employer shall deposit, such amount as he admits to be payable by him as gratuity, to the controlling authority and for these (one or all) other person raising dispute may make an application to the controlling authority for deciding the dispute.

The controlling authority shall, after due inquiry and after giving the reasonable opportunity of being heard to the parties to the dispute, determine the matter or matters in dispute. After such inquiry if any amount is found to be payable to the employee, the controlling authority shall direct the employer to pay such amount or the difference of amount so determined and the amount already deposited by the employer to the controlling authority. The controlling authority shall pay the amount deposited by the employer including the excess amount, if any, to the person entitled thereto.

As soon as the employer made the said deposit, the controlling authority shall pay the amount to the applicant where he is the employee or where the applicant is not the employee, to the nominee or as the case may be, the guardian of such nominee or legal heir of the employee, if he is satisfied that there is no dispute as to the right of the applicant to receive the amount of gratuity. For the purpose of conducting inquiry, the controlling authority shall have the same powers as are vested in a court, while trying a suit, under the Code of Civil Procedure, 1908. The proceeding made by him will be the 'judicial proceedings' within the meaning of Sections 93 & 228 for the purposes of Section 196, Indian Penal Code the controlling authority will avail all the powers like enforcing the attendance, production of documents, receiving evidences on affidavits and issuing commission for the examination of witnesses.

8. **Meaning of Guarantee Company:** Where it is proposed to register a company with limited liability, the choice is to limit liability by shares or by guarantee. Section 12(2)(b) of the Companies Act, 1956 defines it as a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake by the memorandum to contribute to the assets of the company in the event of its being wound up. Thus, the liability of the member of a guarantee company is limited by a stipulated amount mentioned in the memorandum. The members cannot be called upon to contribute more than the stipulated amount for which they have guaranteed in the memorandum of association of that company. The articles of association of such company shall state the number of members with which the company is to be registered.

Comparison between the Guarantee Company and the Company having share capital: The common features between a "guarantee company" and the "company having share capital" are legal personality and limited liability. In case of the later company, the members' liability is limited by the amount remaining unpaid on the shares, which each member holds. Both of them have to state this fact in their memorandum that the members' liability is limited.

However, the dissimilarities between a 'guarantee company' and 'company having share capital' is that in the former case the members may be called upon to discharge their liability only after commencement of the winding up and only subject to certain conditions; but in latter case, they may be called upon to do so at any time, either during the company's life or during its winding up.

Further to note, the Supreme Court in *Narendra Kumar Agarwal vs. Saroj Maloo (1995) 6 SC C 114* has laid down that the right of a guarantee company to refuse to accept the transfer by a member of his interest in the company is on a different footing than that of a company limited by shares. The membership of a guarantee company may carry privileges much different from those of ordinary shareholders.

It is also clear from the definition of the guarantee company that it does not raise its initial working funds from its members. Therefore, such a company may be useful only where no working funds are needed or where these funds can be had from other sources like endowment, fees, charges, donations etc.

9. (a) **Holding and Subsidiary Companies are relative terms.** A company is a holding company of another only if the other is its subsidiary. Any of the circumstances illustrated below must exist to constitute the relationship of holding and subsidiary companies:
1. When one company controls the composition of Board of Directors of the other companies.
 2. When a company is an existing company in respect of which the holders of preference shares issued before the commencement of this Act have the same voting rights in all respects as the holders of equity shares, exercises or controls more than half of the total voting power of such company.

Where a company other than above mentioned company above holds more than half in nominal value of the equity share capital of the other company. [Section 4(1)(b)].
 3. Where a company is subsidiary of another company which is subsidiary of still another company.
- (b) **Company for charitable purposes:** According to Section 25 of the Companies Act, 1956 the procedure to be followed to give effect to the said proposal is as follows:
1. Mrs. Anita, must mobilize six other persons who are majors and sound mind to sign Memorandum of Association (MOA) and Articles of Association (AOA) which may be of its own or as in Table "C" or "D" of the Companies Act.
 2. The company may be a limited company with share capital or a company limited by guarantee.
 3. In no case the profits of the company can be distributed in the forms of dividends on bonus shares.
 4. All the profits of the company should be used only for welfare purposes and company's progress. These factors must be incorporated in AOA.
 5. Out of the three names chosen by the promoters for the name of the company one should be used. If it is not available the proposals repeated by filing form no. 1A.

6. After getting the name from the ROC, the draft MOA and AOA should be approved by Regional Director who has been delegated the powers by the Central Government.
 7. Three copies of approved MOA and AOA alongwith the registration and filing fee, documents like form 1, 18, 32 and consent etc. must be submitted.
 8. A power of attorney in favour of practicing Chartered Accountant/Company Secretary/Cost and Management Accountant (CA/CS/CMA) or an advocate for presentation before ROC to make corrections and collect incorporation certificate must also be filed on non judicial stamp paper.
 9. The company becomes operative on incorporation.
10. (a) **Doctrine of Constructive Notice:** In consequences of the registration of the memorandum and articles of association of the company with the Registrar of Companies, a person dealing with the company is deemed to have constructive notice of their contents (*T.R. Pratt (Bombay) Ltd. v. E.D. Sassoon & Co. Ltd.*). This is because these documents are construed as 'public documents' under section 610 of the Companies Act, 1956. Accordingly, if a person deals with a company in a manner incompatible with the provisions of the aforesaid documents or enters into transaction which is ultra vires these documents, he must do so at his peril.
- The doctrine of constructive notice is not a positive one but a negative one like that of estoppels of which it forms parts. It operates only against the person who has been dealing with the company but not against the company itself; consequently he is prevented from alleging that he did not know that the constitution of the company rendered a particular act or a particular delegation of authority ultra vires.
- There is one limitation to the doctrine of constructive notice of the Memorandum and the Articles of a company. The outsiders dealing with the company are entitled to assume that as far as the internal proceedings of the company are concerned, everything has been regularly done. They are bound to read the registered documents and to see that the proposed dealing is not inconsistent therewith, but they are not bound to do more; they need not inquire into the regularity of the internal proceedings as required by the Memorandum and the Articles. This limitation of the doctrine of constructive notice is known as the 'doctrine of indoor management' or the rule in *Royal British Bank v. Turquand*. Thus, whereas the doctrine of constructive notice protects the company against outsiders, the doctrine of indoor management seeks to protect outsiders against the company.
- (b) **Public Financial Institutions:** By virtue of section 4A of the Companies Act, 1956 the following institutions are to be regarded as public financial institutions:
- (i) The Industrial Credit and Investment Corporation of India Ltd.
 - (ii) The Industrial Finance Corporation of India
 - (iii) The Life Insurance Corporation of India

- (iv) The Industrial Development Bank of India
- (v) The Unit Trust of India
- (vi) The Infrastructure Development Finance Company Ltd.
- (vii) The Securitisation Co., or The Reconstruction Co. which has been registered under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

The Central Government is empowered under section 4A(2) to add any other institution to the above list. This addition has to be made through a notification, in the Official Gazette. Also, the institution for being added to the existing list, (i) must have been established or constituted by or under any Central Act; or (ii) at least 51% of the paid-up share capital of such new institution is held or controlled by the Central Government. In exercise of this power, the Central Government has notified more than 30 institutions as Public Financial Institutions.

Recently, the Ministry of Corporate Affairs (MCA) vide General Circular No. 34/2011 dated 2nd June, 2011 has framed the following criteria for declaring any Financial Institution as PFI under Section 4A of the Companies Act, 1956:

- (a) A Company or Corporation should be established under a Special Act or the Companies Act being Central Act
- (b) Main business of the Company should be Industrial / Infrastructural Financing
- (c) The company must be in existence for at least 3 years and their financial statement should show that their income from Industrial / Infrastructural financing activities exceeds 50% of their total income
- (d) The net worth of the company should be Rs. One thousand crore
- (e) The company is registered as Infrastructure Finance Company (IFC) with RBI or as an Housing Finance Company (HFC) with National Housing Bank (NHB)
- (f) NOC from RBI/NHB must be obtained by IFC/HFC with regard to supervisory concern.
- (g) IFCs/HFCs, after declared as PFI's must disclose in their Financial Statements the compliances laid down by the Ministry.
- (h) In the case of CPSUs/SPSUs, no restriction shall apply with respect to financing specific sector(s) and net worth stated in Para (c) and (d).

Any financial institution applying for declaration as PFI shall fulfill the aforesaid criteria.

11. **The Experts consent to the issue of Prospectus:** A prospectus may contain a statement purporting to be made by an expert. According to section 59 (2) of the

Companies Act, 1956, the term expert includes an engineer, a valuer, an accountant, and any other person whose profession gives authority to a statement made by him.

When an expert is not liable?

An expert who would be liable by reason of having given his consent under section 58 to the issue of the prospectus containing a statement made by him would not be liable if he can prove:

- (i) that having given his consent to the issue of prospectus, he withdrew it in writing before the delivery of a copy of the prospectus for registration, or.
- (ii) that after the delivery of a copy of the prospectus for registration but before allotment, he on becoming aware of the untrue statement withdrew his consent in writing and gave reasonable public notice thereof and the reason therefore, or.
- (iii) that he was competent to make the statement and he had reasonable ground to believe and did up to the time of allotment of the shares or debentures believe, that the statement was true. [Section 62 (3)].

An expert is liable for any mis-statement in the prospectus, unless

- (a) he has given his written consent to the issue of the prospectus and has not withdrawn such consent before the delivery of the copy of the prospectus to the Registrar for Registration and
- (b) Unless a statement as to his consent and non-withdrawal of it appears in the prospectus (Section 58).

Section 59(1) provides a penalty of fine extending to Rs.50,000/- for the company and any other person who is knowingly a party to the issue of a prospectus in contravention of these provisions.

12. The Companies Act, 1956 by virtue of provisions as contained in section 69 (1) and section 69 (3) to (6) regulate and restrict the minimum subscription and the application money payable on shares being issued by a company going for public issue of shares. These sections provide as under:

Minimum subscription [Section 69 (1)]

No Allotment shall be made of any share capital of a company offered to the public for subscription; unless; -

- (a) the amount stated in the prospectus as the minimum amount has been subscribed, provided that such amount shall not be less than 5% of the nominal amount of the shares being issued; and
- (b) the sum payable on application for such amount has been paid to and received by the company-

If the applications are not received by the company for such quantum of shares for making the minimum subscription, within 120 days after the issue of prospectus, all money received from the applicants for share shall be repaid without interest. If any such money is not repaid within 130 days after the issue of prospectus, moneys will be repaid with interest at the rate of 6% from the expiry of 130 days.

Application money: Section 69 (3) provides that the amount payable on application on each share shall not be less than 5% of the nominal amount of the share. All moneys received from application for shares shall be deposited and kept deposited in a Schedule Bank:

- (a) until the certificate to commence business is obtained under section 149, or
- (b) where such certificate has already been obtained, until the entire amount payable on application for shares in respect of the minimum subscription has been received by the company, and where such amount has not been received by the company within the time on the expiry of which the moneys received from the applicant for shares are required to be repaid without interest under sub-section (5), all moneys received from applications for shares shall be returned in accordance with the provisions of that sub-section, as stated above.

13. Irregular allotment: Allotment of shares is irregular when it has been made by a company in violation of section 69 and 70. Thus:

1. where the company has issued a prospectus, the allotment is irregular if it; (i) has not been able to raise the amount of minimum subscription, (ii) has not collected application money (which shall not be less than 5% of the nominal amount of the shares); and (iii) has not kept the money so received in a Scheduled Bank.
2. where the company has not issued a prospectus, the allotment is irregular if it does not file with the Registrar for registration, a statement in lieu of prospectus at least 3 days before 'the first allotment of shares.'

In spite of these stringent provisions, sometimes an allotment is made by the directors in under disregard of the provisions, such an allotment is treated by the Act not as void ab initio but as irregular.

Effects of irregular allotment:

Allotment is voidable at the option of the allottee: The option must be exercised by the allottee: (a) within 2 months after holding of the statutory meeting of the company, or (b) where the company is not required to hold a statutory meeting, or where the allotment is made after the holding of statutory meeting, within 2 months after the date of allotment.

Notice of avoidance given within this time will be sufficient, though actual legal proceedings if necessary, may be commenced thereafter. Such an allotment is avoidable even if the company is in the course of winding up (*Re National-Motor Mail Coach Co. Ltd. 1908 Ch. 228*).

It is not necessary that the allottee should commence actual legal proceedings within 2 months. It is enough for him to give a notice to the company of his intention to revoke the allotment.

Compensation: Any director, who has knowledge of the fact of the irregular allotment of shares, shall be liable to compensate the company and the shareholder respectively for any loss, damages or costs which the company or the allottee may have sustained or incurred there by Proceedings to recover any such loss, damages or costs can be only be commenced within 2 years from the date of the allotment.

14. (a) **Operation of nomination facility in case of transmission of shares under the provisions of Companies Act, 1956:** If nominee becomes entitled to any shares by virtue of nomination, he will apply to company along with proof of death of holder/joint-holders. He can either request Board to register himself as the shareholder or he can transfer the shares of deceased shareholder [Section 109B(1)]. Thus, the nominee can either register his name or directly transfer the shares in some others' name.

According to section 109B(2), if nominee elects to be registered holder of shares, he will have to send a written notice to the company stating that he elects to be the registered holder. Such notice should be accompanied by death certificate of shareholder.

As per section 109B(3), all limitations, restrictions and provisions of the Act relating to the right of transfer and registration of transfer will apply as if the application is for transfer of shares. In other words, transfer in name of nominee or other person to whom nominee intends to transfer shares can be declined only on the grounds on which any transfer can be declined, and no other grounds.

The nominee is entitled to all rights of deceased member like dividend and bonus. However, he will not be eligible for voting rights or other rights as a member, unless he makes application in writing and is registered as a member in respect of the shares.

The nominee must either register himself as member or transfer the shares in some others name. If he does neither, company can send him a notice to elect either to become a member or transfer the shares. If the nominee does not comply within 90 days, Board can withhold payment of dividends, bonuses or other money payable, till the requirement of notice is complied with.

- (b) MCA 21 project is an innovative project and initiative of the Ministry of Corporate Affairs carried out under the national e-governance programme of the Government with a comprehensive online portal to enable e-filing. This project covers all the services provided by the Registrar of Companies (ROC) starting from the incorporation of a new company. The project would provide e-services including names and registration of new companies, filing of various return and statutory

documents under the Companies Act, 1956. The system would also enable for e-filing and access for statutory documents like Memorandum of Association, Articles of Association, Certificate of Incorporation etc.

The project serves the interest of all the key stakeholders, corporate professionals and the public at large as follows:

- Expeditious incorporation of companies
- Simplified and ease of convenience in filing of Forms>Returns/Statutory documents
- Better compliance management
- total transparency through e-Governance
- Customer centric approach
- Increased usage of professional certificate for ensuring authenticity and reliability of the Forms>Returns.
- Building up a centralized database repository of corporate operations enhanced service level fulfillment.
- Inspection of public documents of companies anytime from anywhere.
- Registration as well as verification of charges anytime from anywhere
- Timely redressal of investor grievance and to get easy access to relevant records by the public.
- Availability of more time for MCA employees for monitoring and supervision.

Professionals no longer need to visit the officers of ROC and would be able to interact with the Ministry using MCA 21 portal from their offices or home. They are able to provide efficient services to their client companies. Financial Institutions may easily find charges registration and verification. Proactive and effective compliance of relevant laws and corporate governance by the employees.

15. Procedure for transacting business of the General Meeting through Postal Ballot:

The new section 192(A) of the Companies Act 1956, provides for procedures to be followed by the company for ascertaining the views of the members by postal ballot.

Procedure to be followed for conducting business through postal ballot is as under:

- (i) The company may make a note below the notice of general meeting for understanding of members that the transactions at serial number requires consent of shareholders through postal ballot.
- (ii) The board of directors shall appoint one scrutinizer, who is not in employment of the company, may be a retired judge or any person of repute who, in the opinion of the board can conduct the postal ballot voting process in a fair and transparent manner.

- (iii) The scrutinizer will be in a position for 35 days (excluding holidays) from the date of the issue of notice for annual general meeting. He has to submit his final report on or before the said period.
 - (iv) The scrutinizer will be willing to be appointed and he is available at the registered office of the company for the purpose of ascertaining the requisite majority.
 - (v) The scrutinizer shall maintain a register to record to consent or otherwise received, including electronic media, mentioning the particulars of name, address, folio number, number of share, nominal value of shares, whether the shares have voting, differential voting or non-voting rights and the scrutinizer shall also maintain record for postal ballot which are received in defaced or mutilated form. The postal ballot and all other papers relating to postal ballot will be under the safe custody of the scrutinizer till the chairman considers, approves and signs the minutes of the meeting. Thereafter, the scrutinizer shall return the ballot papers and other related papers/registers safely till the resolution is given effect to.
 - (vi) Consent or otherwise relating to issue mentioned in notice for annual general meeting received after 35 days from the date of issue will be strictly treated as if the reply from the member has not been received. [Companies (Passing of the resolution by Postal Ballot) Rules, 2001. Notification No. G.S.R. 337 (E), dated 10th May, 2001].
16. (a) **Role of different committees in regulating corporate governance:** The core roles of the various committees in regulation of corporate governance are as follows:
1. **Board of Directors:** The Board's role is that of trusteeship to protect and enhance shareholders value through strategic supervision. The strategy should aim at accountability and fulfillment of goals.
 2. **Audit Committee:** They have to provide assurance to Board on adequacy of internal control systems and financial disclosures.
 3. **Compensation Committee:** The committee has to recommend to the Board compensation terms for executive Directors and the senior most level of management below the Executive Directors.
 4. **Nomination Committee:** It is to recommend to the Board nominations for membership of the Corporate Management Committee and the Board, and oversee succession to the senior most level of management below the Executive Directors.
 5. **Investor Services Committee:** It is to look into redressal of Shareholders' and Investors' grievances, approval of transmissions, sub-division of shares, issue of duplicate shares etc.

6. **Corporate Management Committee:** Its primary role is strategic management of company's businesses within Board's approved direction/framework.
 7. **Divisional Management Committee:** It is to realize tactical and strategic objectives in accordance with Corporate Management Committee/Board approved plan.
- (b) **The reasons which lead to unethical behaviour are as follows:**
1. **Emphasis on short term results:** This is one of the primary reasons which has led to the downfall of many companies like Enron and Worldcom.
 2. **Ignoring small unethical issues:** It is a known fact that most of the compromises we make are small but however they lead us into committing large infractions. And ignoring minor lapses, lead to bigger and more colossal mistakes.
 3. **Economic cycles:** In good times, companies are slack in their accounting procedures or disclosures, as there is a pervasive feel-good effect. But when times of hardship follow, then the hit taken by them is almost fatal, as was proved in the Enron case. So companies need to watch out for economic cycles and be vigilant in good times as well as bad.
 4. **Accounting rules:** In the era of globalization and massive cross border flow of capital, accounting rules are changing faster than ever before. The rules have become more complex and it is difficult to identify deviations from these complex set of requirements. The complexity of these principles and rules and the difficulty associated with identifying abuse are reasons which may promote unethical behaviour.
17. **Conflict Resolution:** While evaluating compliance with the fundamental principles, a finance and accounting professional may be required to resolve a conflict on the application of fundamental principles. The following need to be considered, either individually or together with others, during a conflict resolution process:
- (a) Relevant facts
 - (b) Ethical issues involved
 - (c) Fundamental principles related to the matter in question
 - (d) Established internal proceedings and
 - (e) Alternative course of action

Having considered these issues, the professional should determine the appropriate course of action that is consistent with the fundamental principles identified. The professional should weigh the consequences of each possible course of action. If the matter remains unresolved, the professional should consult other appropriate persons within the firm or employing organization for help in obtaining resolution. During times where a matter involves a conflict with or within an organization, the finance and

accounting professional should also consider consulting those charged with governance of the organisation, such as the Board of directors.

It may be in the best interests of the professional to document the substance of the issues and details of any discussions held or decisions taken, concerning that issue.

If a significant conflict cannot be resolved, a professional may also obtain professional advice from the relevant professional body or legal advisors and thereby obtain guidance on ethical issues without breaching confidentiality.

If, after adopting all strategies, the ethical conflict still remains unresolved, a professional should try to disassociate from the matter causing the conflict or even from the organization, if need be.

18. Benefits which may be obtained by paying attention to business ethics: Ethics is the concern for good behaviour – doing the right thing. In business, self interest prevails and there is always inconsistency between ethics and business. But it is a well settled principle that ethical behaviour creates a positive reputation that expands the opportunities for profit. The awareness regarding products and services of an organization, and the actions of its employees can affect its stakeholders and society as a whole. Therefore to pay proper attention to business ethics may be beneficial in the interest of business. These benefits may be enumerated as follows:

- (1) In the recent past ruthless exploitation of children and workers, trust control over the market, termination of employees based on personalities and other factors had affected society and a demand arose to place a high value on ethics, fairness and equal rights resulting in framing of anti-trust laws, establishment of governmental agencies and recognition of labour unions.
- (2) Easier change management: Attention to business ethics is also critical during times of fundamental change. The apparent dilemma may be whether to be non profit or for profit. In such situations, often there is no clear moral compass to guide leaders about what is right or wrong. Continuing attention to ethics in the workplace sensitizes leaders and staff for maintaining consistency in their actions.
- (3) Strong team work and greater productivity: Ongoing attention and dialogues regarding ethical values in the workplace builds openness, integrity and a sense of community which leads to, among the employees, a strong alignment between their values and those of the organisation resulting in strong motivation and better performance.
- (4) Enhanced employee growth: Attention to ethics in the workplace helps employees face the reality - both good and bad in the organisation and gain the confidence of dealing with complex work situations.
- (5) Ethical programmes help guarantee that personnel policies are legal: A major objective of personnel policies is to ensure ethical treatment of employees. In matters of hiring, evaluating, disciplining, firing etc. An employer can be sued for

breach of contract for failure to comply with any promise. The gap between corporate culture and actual practice has significant legal and ethical implications. Attention to ethics ensures highly ethical policies and procedures in the work place. Ethics management programmes are useful in managing diversity. Such programmes require the recognition and application of diverse values and perspectives which are the basis of a sound ethics management programme. Most organisations feel that cost of mechanisms to ensure ethical programme may be more helpful in minimizing the costs of litigations.

- (6) Ethical programmes help to detect ethical issues and violations early, so that criminal acts “of omission” may be avoided.
 - (7) Ethical values help to manage values associated with quality management, strategic planning and diversity management.
19. **Pragmatic reasons for maintaining ethical behaviour:** Marketing executives should practice ethical behaviour because it is morally correct. To maintain ethical behaviour in marketing, the following positive reasons may be useful to the marketing executives:
1. **To reverse declining public confidence in marketing:** Sometime misleading package labels, false claim in advertisement, phony list prices, infringement of trademarks pervert the market trends and such behaviour damages the marketers’ reputation. To reverse this situation, business leaders must demonstrate convincingly that they are aware of their ethical responsibility and will fulfill it. Companies must set high ethical standards and enforce them. Moreover, it is in management’s interest to be concerned with the well being of consumers, since they are the lifeblood of a business.
 2. **To avoid increase in government regulation:** Business apathy, resistance, or token responses to unethical behaviour increase the probability of more governmental regulation. The governmental limitations may also result from management’s failure to live up to its ethical responsibilities. Moreover, once the government control is introduced, it is rarely removed.
 3. **To retain power granted by society:** Marketing executives wield a great deal of social power as they influence markets and speak out on economic issues. However, there is a responsibility tied to that power. If marketers do not use their power in a socially acceptable manner, that power will be lost in the long run.
 4. **To protect the image of the organisation:** Buyers often form an impression of an entire organisation based on their contact with one person. That person represents the marketing function. Sometimes a single sales clerk may pervert the market opinion in relation to that company which he represents.

Therefore, the ethical behaviour in marketing may be strengthened only through the behaviour of the marketing executives.

20. Ecological ethics is based on the idea that the environment should be protected not only for the sake of human beings but also for its own sake. The issue of environmental ethics goes beyond the problems relating to protection of environment or nature in terms of pollution, resource utilization or waste disposal.

Business and Industry are closely linked with environment and resource utilization. Production process and strategy for eco-friendly technologies throughout the product life cycle and minimization of waste play major role in protecting the environment and conservation of resources. Business, Industry and multinational corporations have to recognize environmental management as the priority area and a key determinant to sustainable development. Sound management of wastes is among the major environmental issues for maintaining the quality of Earth's environment and achieving sustainable development.

If the environmental costs are properly reflected in the prices paid for goods and services then companies and ultimately the consumer would adjust market behaviour in a way that would reduce damage to environment, pollution and waste production. Price signal will also influence behaviour to avoid exploitation or excessive utilization of natural resources. Such measures would facilitate the approach of "Polluter Pays Principle". Removing subsidies that encourage environmental damage is another measure.

21. (a) **Consensus Building:** Consensus means overwhelming agreement. Most consensus building efforts set out to achieve unanimity. The key indicator of whether or not a consensus has been reached is that everyone agrees with the final proposal and it is important that consensus be the product of a good-faith effort to meet the interests of all stakeholders. Thus, consensus requires that someone frame a proposal after listening carefully to everyone's interests. Before the parties in a consensus building process come together, mediators (or facilitators) can play an important part in helping to identify the right participants, assist them in setting an agenda and clarifying the ground rules by which they will operate, and persuading noncompliant parties to participate.

Problem-Solving Orientation- It is important to be constructive and maintain a problem-solving orientation, even in the face of strong differences and personal antagonism. It is in every participant's best interest to behave in a fashion they would like others to follow. Concerns or disagreement should be expressed in an unconditionally constructive manner.

Engage in Active Listening- Participants in every consensus building process should be encouraged (indeed, instructed, if necessary) to engage in what is known as active listening a procedure for checking to be sure that communications are being heard as intended.

Disagree Without Being Disagreeable- Participants in every consensus building process should be instructed to "disagree without being disagreeable." This dictum should probably be included in the group's written ground rules.

Strive for the Greatest Degree of Transparency Possible-To the greatest extent possible, consensus building processes should be transparent. That is, the group's mandate, its agenda and ground rules, the list of participants and the groups or interests they are representing, the proposals they are considering, the decision rules they have adopted, their finances, and their final report should, at an appropriate time, be open to scrutiny by anyone affected by the group's recommendations.

Strive to Invent Options for Mutual Gain-The goal of a consensus building process ought to be to create as much value as possible and to ensure that whatever value is created be divided in ways that take account of all relevant considerations. The key to creating value is to invent options for mutual gain.

(b) Guidelines to handle communication ethics dilemmas:

1. Maintain candour: Candour refers to truthfulness, honesty, frankness and one should stick to these elements while communicating with others.
2. Keep message accurate: At the time of relaying information from one source to another, communicate the original message as accurately as possible.
3. Secrecy: One has to maintain secrecy and confidence in communication. So one should not divulge such information to others
4. Ensure timeliness of communication: The timing of messages can be critical. Delay in sending messages can be assumed unethical.
5. Avoid deception: Ethical communicators are always vigilant in their quest to avoid deception, fabrication, intentional distortion or withholding of information in their communication.
6. Confront unethical behaviour: One must confront an unethical behaviour in order to ensure a consistent ethical view point.

22. (a) The following principles are key to interpersonal communication:

Interpersonal communication is inescapable: We cannot keep ourselves away from communication. The very attempt not to communicate, communicates something. Not only through words but also through the tone of voice and gestures, postures, facial expressions etc, we constantly communicate to others.

Interpersonal communication is irreversible: It is rightly said that a word uttered once can not be taken back.

Interpersonal communication is complicated: No form of communication is simple due to the number of variables involved; even simple requests can be extremely complex.

Interpersonal communication is contextual: Communication does not take place in isolation. They are context specific:

Psychological context: It refers to who the communicators are and what they bring to the interaction? Their needs, desires, values, personality etc all form the psychological context.

Relational context: This is concerning the nature of interaction and reactions and the way it all affects the communication process.

Situational context: Refers to social concept of communication viz. an interaction that takes place in a classroom will be very different from one that takes place in a board room.

Environmental context: It is all about the surroundings in which communication takes place e.g. Furniture location, noise level, temperature, season, time of day etc. are all examples of elements in the environmental context.

Cultural context: Includes all the learned behaviours and rules that affect the interaction. If one comes from a culture where it is considered rude to establish long, direct eye contact, one will out of politeness avoid eye contact. If the other person comes from a culture where long direct eye contact signals trustworthiness, then we have a basis for misunderstanding.

- (b) **Emotional Intelligence:** Emotional intelligence refers to the capacity to recognizing your own feelings and those of others, for motivating yourself, and for managing emotions well in yourself and in your relationships.

Emotional quotient : Inventory is designed to measure a nature of constructs related to emotional intelligence. EQ is the ability to make and deeper connections at three levels: with ourselves (personal mastery), with another person (one-to-one) and within groups/teams. Our EQ or emotional intelligence is the capacity for effectively recognizing and managing our own emotions and those of others.

Social competencies associated with emotional intelligence are as follows:

Social Awareness:

1. Empathy: Sensing others emotions, understanding their perspective and taking active interest in their concerns.
2. Organizational awareness: Leading the currents decision, networks and politics at the organizational level.
3. Service: Recognizing and meeting follower, client or customer needs.

Relationship Management:

4. Inspirational leadership: Guiding and motivating with a compelling vision.
5. Influence: wielding a range of tactics for persuasions
6. Developing others: Bolstering others' abilities through coaching, feedback and guidance.

23. (a) **Guidelines for drafting a Press Release:** The term press release in its narrower sense is used for releases covering news. The press release contains worthwhile material which has some news value.

The press release should be written in a journalistic style. It should provide facts or information of interest to the readers and should attempt to cover all aspects of a specific subject. There should not be any loose ends. It should be on a subject which is recent or in news. The release should not be generally lengthy. It should be concise and to the point. It has not much place for subsidiary or background material.

The introduction or lead should be in a summary format as it is a news story.

The releases should have a consistent format. Generally, the name of the organization from where the release emanates is given on the top. The date and place are indicated on the top right side. The release should have a title and a subtitle also, if necessary. It should have a suitable introductory paragraph. In the case of releases from non-official organization, it is desirable also to mention the designation of the person issuing the release and his telephone number.

- (b) **The Press Communiqué:** The press communiqués are issued when some important government decisions or announcements are made such as cabinet appointments, conclusion of the foreign dignitaries' visits, international agreement, etc. The press communiqué is formal in character. It carries the name of the ministry or department and the place the date at the bottom left-hand corner of the release. Generally, the press is expected to reproduce the press communiqué without any substantial change. No heading or subheading is given on press communiqués.
24. Notice is hereby given that the 15th Annual General Meeting of the members of ABC will be held on Monday the 15th day of September 2012 at the registered office of the Company at 10 a.m. to present the following business:

Ordinary Business:

To

1. Receive, consider and adopt the Audited Balance sheet of the company as on 31st March, 2012 and the Profit and Loss account for the year ended on that date and Audit's and director's response thereon.
2. To declare dividend for the year ended 31st March, 2012
3. To appoint a director in place of Mr.
4. To appoint Statutory Auditors of the Company.

NOTE: A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the company.

For and on behalf of the Board of Directors.....

Registered Office.....

25. **Gift deed:** The law relating to gifts is provided for in the Transfer of Property Act, 1882 and the Indian Succession Act, 1925. Gift is defined as the transfer of certain movable or immovable property made voluntarily and without consideration by one person called the donor to another called the donee and accepted by or on behalf of the donee. A gift to be valid must be accepted by the donee during the life time of the donor. Registration of a gift often immovable property is must and that of movable property is optional.

This Deed of Gift is made at----- on this ----- day of ----- between X(full details) hereinafter called "THE DONOR" of the ONE PART and Y (full details) hereinafter called "THE DONEE" of the OTHER PART.

WHEREAS the Donee Y is the ----- (Relative) of Donor X .

AND WHEREAS the Donor is the member of ----- society which is duly registered under the Maharashtra Coop. Societies Act, 1960, (hereinafter referred to as "the said society"). The donor has acquired a flat No. ----- on the ----- floor and measuring ----- sq. meters in the building known as "-----" (hereinafter referred to as the "said building") situate at ---- -- (City), (hereinafter referred to as "the said flat") .

WHEREAS the Donor has full right title and interest in the said flat.

AND WHEREAS the Donor desires to gift his right, title and interest in the said flat in the said building of the said society to the Donee hereto.

NOW THIS DEED OF GIFT WITNESSETH AS FOLLOWS:

The donor out of natural love and affection for the Donee, hereby transfers by way of gift his right, title and interest in the said flat to the Donee absolutely for ever.

The Donee accepts the gift and agrees to hold the right, title and interest of the donor in the said flat in the said building of the said society.

IN WITNESS WHEREOF the parties hereto have hereunder set and subscribed their respective hands on the day and the year first herein above written.

SIGNED AND DELIVERED

By the within named "Donor"

In the presence of -----

1) -----

2) -----

SIGNED AND DELIVERED

By the within named "Donee"

In the presence of

1) -----

2) -----